

~~SECRET~~

Enclosure C

Estimates of Military Expenditures of the Eastern European Communist Countries in 1966

1. Estimated military expenditures in the Eastern European Communist countries in 1966, valued in domestic currencies, range from $3\frac{1}{2}$ percent to $5\frac{1}{2}$ percent of Gross National Product (GNP), as shown in the following table:

East European Communist Countries: Estimated
Defense Expenditures and GNP, 1966

<u>Country</u>	<u>Unit of Currency</u>	<u>Defense Expenditures</u>	<u>GNP</u>	<u>Defense Expenditures as a Share of GNP</u>
Bulgaria	billion leva	0.28	8.0	$3\frac{1}{2}\%$
Czech- oslovakia	billion crowns	11.8	207.5	$5\frac{1}{2}\%$
East Ger- many	billion DME	4.8	109.6	$4\frac{1}{2}\%$
Hungary	billion forints	8.9	208.9	$4 - 4\frac{1}{2}\%$
Poland	billion zlotys	33.9	686	5%
Rumania	billion lei	6.1	145	4%

2. The more advanced countries tend to spend a larger share of their GNP on defense. Czechoslovakia and Poland have the largest defense industries in Eastern Europe; their relatively large expenditures probably reflect the high costs of the production of military hardware in Eastern Europe.

~~SECRET~~